91-05200/

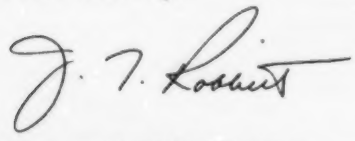
25 March, 1991

To: His Honour the Lieutenant-Governor in Council of the Province of British Columbia

May it please Your Honour, Sir:

As required by Section 69 of the Workers' Compensation Act, we now submit the Annual Report of the Board, for the year ended 31 December, 1990.

Yours sincerely,

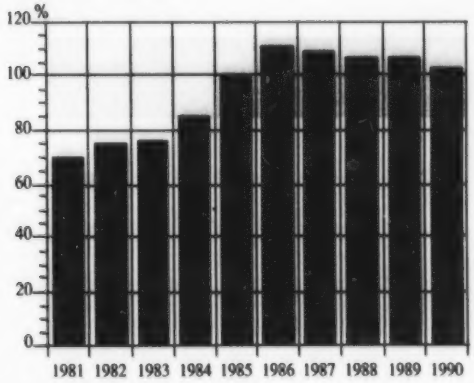


James T. Rabbitt, Minister

THE STATISTICS SECTION OF THIS REPORT IS AVAILABLE AS A SEPARATE PUBLICATION ENTITLED STATISTICS '90 AND IS AVAILABLE FROM ANY WCB OFFICE.

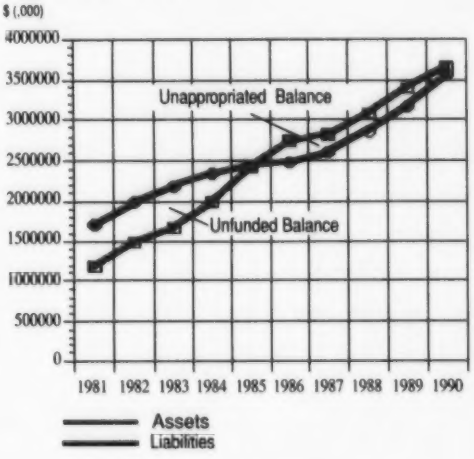
Percent Funded — a meaningful measure of the security provided by the assets covering the Board's liabilities is obtained by expressing those assets as a percentage of liabilities. At year-end in 1990, the percent funded was 103 percent, compared to 107 percent in 1989. This reduction reflects a conscious attempt by the Board to achieve a 100-percent level. The Board's ten-year history of assets, liabilities and percent funded is traced in the following graphs.

Percent funded



The percent funded rose from a low of 70 percent in 1981 to a high of 111 percent in 1986. Since that time, the percent funded has fallen to 103 percent, largely due to reductions in average assessment rates. The volatility of inflation, interest rates, injury rates and average per claim costs, however, make it impossible to consistently maintain a 100-percent funding level. For practical purposes, the Board considers a percent funded of 85 to 115 percent to be appropriate for long-term funding of workers' compensation benefits.

Assets and Liabilities



The Board's assets have grown from $1.2 billion in 1981 to $3.7 billion at the end of 1990, while its liabilities have grown from $1.7 billion to $3.6 billion over the same period.

The time required to produce custom-fit prosthetics will be greatly reduced by a new computer-aided design and manufacturing system, says Carl Saunders of University Hospital, Shaughnessy Site. The system — developed with support from the WCB — was pioneered by UBC's Medical Engineering Resource Unit.

FINANCIAL SERVICES DIVISION

The Financial Services Division of the WCB comprises the following departments: Actuarial, Assessments, Controller's, Information Systems, Statistical Services and Treasury.

Assessments Department

British Columbia's compensation system is funded by two sources — assessments from employers and investment income.

In 1990, B.C.'s assessment rate continued to be one of the lowest in Canada, with the average assessment rate at 1.73 percent of payroll. The number of registered employers contributing assessment income increased during the year to 106,088 from 103,515 in 1989, up 2.5 percent.

The British Columbia Board remains one of the few Compensation Boards of Canada to have an unappropriated balance. The unappropriated balance, which was $226 million at the end of 1989, has decreased to $93 million at the end of 1990, which means the system is 103 percent funded. Amortization of the unappropriated balance has been occurring over the past years and the WCB now is in an essentially balanced financial position. The aggregate assessment rate will increase to meet current costs since there is virtually no unappropriated balance available as an offset.

In June, the department implemented the computerized on-line registration system. At the time of the initial contact with the employer, registration information is entered directly into the computer, allowing the registration officer to register the firm and provide a firm number immediately. Written confirmation is produced overnight and mailed to the firm, eliminating the previous time frame of up to a week.

Written confirmation of changes to a firm's Experience Rated Assessment is also produced overnight rather than weekly.

Information Services Department

There were a number of major developments in the Information Systems Department in 1990.

•The new on-line registration system was implemented on behalf of the Assessments Department.

•Work continued on the pension management system, which enables the WCB to more efficiently handle the large volume of complex pension payments to injured workers. A major milestone has been the implementation of shared data between the compensation and pension systems.

•WCB Data Dictionary has been developed to provide an inventory of WCB business information.

•With the conversion of the Assessment and Experience Rating Systems to WCB DB2 database environment, more than 85 percent of WCB data is now handled through DB2.

•A business area analysis, undertaken in 1990 in the Medical Services Division, provides the foundation for developing several new computer systems that focus on improved health care and physical rehabilitation services to injured workers.

•Memo, a mainframe-based electronic mail and calendar system, was implemented in 1990. Three hundred WCB employees currently use Memo; another 1,000 will be added in 1991.

•During the year, daily transactions on the Board's mainframe computer increased from 234,000 to over 400,000 transactions per day.

Starting a new business can be a challenge, but CraneTec Equipment's president Maurice Kooting and accounts manager Margo Boyer found part of the process simple — registering the Burnaby-based company through the WCB's new on-line registration system.

COMPENSATION SERVICES DIVISION

Claims

The Compensation Services Division administers wage loss, pension and medical aid benefits to injured and occupationally diseased workers.

In 1990, 96 percent of adjudicated claims were accepted. There were 217,152 claims first reported, up 4.9 percent from the 207,019 first reported in 1989. The trend continues the upward climb that has seen an increase of almost 40 percent in claims registered since 1985. The growth in claims has been primarily the result of the increased economic activity in the province in the last few years.

The maximum wage rate for calculating benefits was increased to $43,400 in 1990. At $624 a week, the British Columbia Board continues to pay the highest weekly compensation benefit in Canada.

In a continuing focus on improving the speed and efficiency with which client benefits are processed, an Action Plan was developed to address priority service issues.

A key element in the plan includes further refinements to the adjudication process with a view to enhancing quality and service levels. Implementation will take place in 1991.

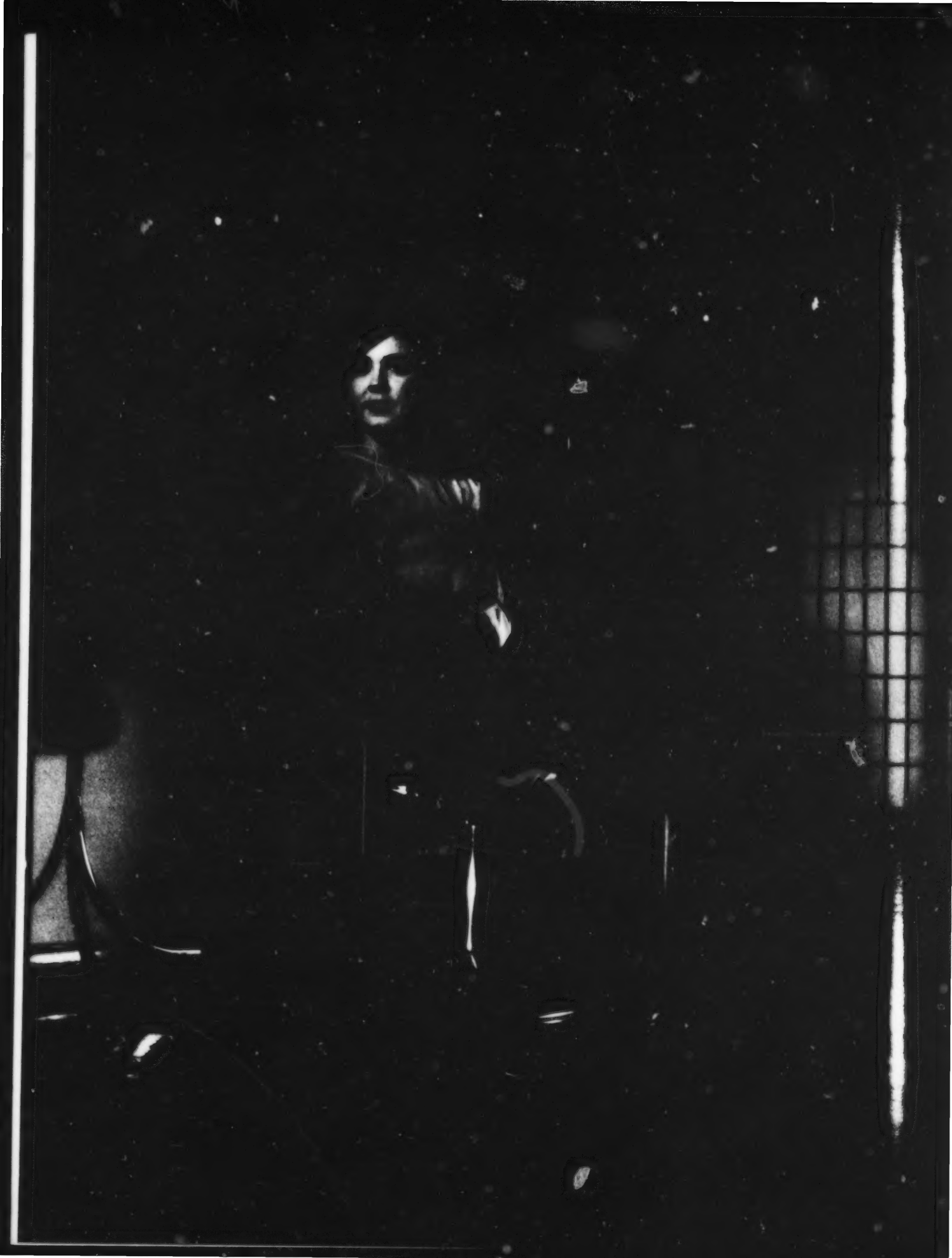
The division has targeted a reduction in the amount of paper that flows to and within the Board by as much as 50 percent. Several projects in the plan are under development, and their results—aimed at improving service and productivity—will be evident in 1991.

Vocational Rehabilitation

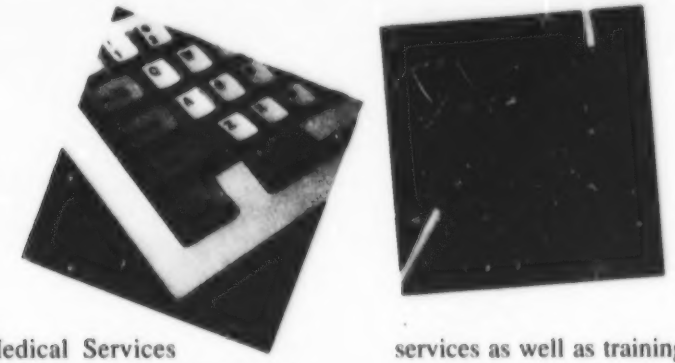
Vocational Rehabilitation Services assists injured workers in returning to productive employment and provides counselling and a wide range of ancillary programs.

The Vocational Rehabilitation Services Department actively participated in the development of the Divisional Action Plan. A task force composed of management and rehabilitation consultants reviewed the mandate and role of the department. Recommendations for amendments to the policy pertaining to Vocational Rehabilitation Services will be presented to the Board of Governors by mid-1991.

With the assistance of a special hearing aid, Art Baglot remains an active participant at work as supervisor of maintenance and operations for Public Works Canada in Vancouver.



MEDICAL SERVICES DIVISION



The Medical Services Division advises claims adjudicators and vocational rehabilitation consultants on medical matters relative to claims. It is also responsible for the evaluation of permanent functional impairment, and supervises the physical rehabilitation of many injured workers.

Physicians in the Richmond complex and nine area offices reviewed approximately 60,000 files—22 percent more than last year—and performed more than 12,500 examinations. Board specialists provided consultations in orthopaedics, neurology, internal medicine, ophthalmology, psychiatry and chiropractic.

Psychology Department

The Psychology Department provided psychological, diagnostic, therapeutic and consulting services for more than 900 claimants.

Leslie R. Peterson Rehabilitation Centre

The Rehabilitation Centre continues to strive to be a centre of excellence for the management of work-related injuries and disability. The Centre provides rehabilitation programs to injured workers, primarily through physical and occupational therapy services as well as training in 10 industrial workshops. The injured worker is actively involved in restoring maximal functional abilities, particularly with regard to work readiness. Specialized rehabilitation services are supplied by the Amputee Unit, the Hand Unit, the Head Injury Assessment Unit and the Back Evaluation and Education Programs. Rehabilitation services were supplied to more than 2,500 injured workers in the past year.

The Functional Evaluation Unit provides two-week comprehensive functional appraisals for vocational rehabilitation of claimants who are permanently, partially disabled. In 1990, more than 500 claimants were assessed. The Unit performed some 250 minor assessments using biomechanical testing alone.

The 195-room residence in the Centre supplied accommodations for 3,200 claimants. Comprehensive recreational programs were also supplied.

The Rehabilitation Centre continued to develop new programs to assess and rehabilitate injured workers. The primary goal is the workers' return to gainful employment.

Back Evaluation and Education Program graduate Tonni Bradshaw is focusing on the future, by putting her energies towards new challenges — opening her own Kamloops hair salon and competing in a triathlon.

OCCUPATIONAL SAFETY AND HEALTH DIVISION

The primary goal of the Occupational Safety and Health Division (OS&H) is to work closely with industry to promote workplace safety and health through education and training, research and standards, certification, technical support and developing and enforcing regulations.

To ensure compliance with safety regulations and standards, OS&H officers completed 48,388 workplace inspections in 1990 throughout the province. Compliance orders totalled 82,430, while there was an increase in the number of penalties assessed by the Division, from 647 in 1989 to 862 in 1990.

Educational support promoting preventive safety for workers and employers is an important aspect of OS&H programs. In 1990, 3,580 presentations were made by WCB safety, hygiene and safety and health officers on such varied subjects as lock-out procedures, welding health hazards and the control and safe handling of chemicals.

Field Services

Field Services focused on developing a stronger rapport with the forest industry. Meetings were held to improve understanding of WCB functions and responsibilities, and labour, industry and the Board are working together to develop job safety programs.

One initiative is a fallers' training program. The course is being developed in close consultation with industry and labour representatives and should be ready for implementation in 1991. A comprehensive grapple yarding handbook was developed and is scheduled for printing in 1991.

The department placed greater emphasis on inspections in the logging sector. Two new inspection regions were created–the first, by dividing the Vancouver Island region into Vancouver Island and Coastal regions and, the second, by dividing the northern region into the Cariboo and Peace River regions. Each of the four areas has its own manager and complement of field officers.

New Audiology Unit

Hearing loss claimants will benefit from the services of a new Audiology Unit at the Richmond Clinic, scheduled to open in 1991. The new unit will provide improved services for assessing claimants with hearing losses.

Manuals developed

The Research and Standards Section developed a number of new safety manuals to assist a variety of industries. The manuals include: *Tower Cranes and Mobile Cranes*, developed in conjunction with The Operating Engineers; *Elevating Platforms and Aerial Devices; Wooden and Manufactured Scaffolds; Suspended Work Platforms;*

continued on page 15

Senior Process Technician Patricia Visser is putting her WCB Industrial Hygiene diploma to work at Howe Sound Pulp and Paper in Port Mellon.

Residential Construction; Introductory Falling and Bucking; Fallers' and Buckers' Handbook; Ozone; and *Tire Servicing and Repair*. Several analytical methods in the WCB Laboratory Manuals were updated, as was the *WHMIS Core Materials Manual* and *Standard Practices for Pesticide Applicators*. Completed manuals include: *WCB Blasting Handbook; Mechanical Trades Safety Manual;* and *Helicopter Operations in the Forest Industry*.

Industrial First Aid Manual and Program

The First Aid Section completed its major revision of the *Industrial First Aid Manual*, a comprehensive training and reference resource that offers student and graduate information necessary to understand the principles of care and assistance to the injured worker. The manual is an essential part of the Industrial First Aid Training Program offered by industrial first aid training agencies in the province. The manual reflects the most current medical thinking in the field to ensure a consistent approach among pre-hospital care workers and a smooth transition through each stage of the emergency setting.

The Industrial First Aid Training program was also revised, to keep pace with changes in the *Industrial First Aid Manual*. All Industrial First Aid instructors have been trained according to the new procedures and other revisions in the Manual.

First Aid World Champions

The highlight of 1990 was an international championship performance by the winning team of the Board's 33rd annual provincial first aid competition. The St. John Ambulance team of North Vancouver, two-time provincial winners, qualified to compete at the international first aid meet in England – and emerged as world champions. This is the first time since the event began nearly 50 years ago that a team outside Britain has won top honours.

Island Paper Mills is well served by junior process engineer Yu-Zhi Kiang's participation in the WCB's Industrial Hygiene diploma program. As the company's resource person, he helps recognize, evaluate and control hazards in the workplace.

RK
RDS
You either know how to lift,

ADMINISTRATIVE SERVICES DIVISION

The Administrative Services Division of the WCB includes two key areas — Community Relations and Technical Services.

Community Relations

The Community Relations Department is responsible for communicating to workers, employers and the general public information about WCB activities in compensation services and occupational safety and health.

The department has gained a solid reputation for its award-winning educational and training materials. Nine new videos were produced by Community Relations during the year, and several received international recognition. *Guarding*, a program about the proper use of machine guards, was honoured with a first-place award from the Association of State Compensation and Insurance Funds. *Safety and the Young Worker* earned two awards from the International Association of Business Communicators (B.C. chapter) and fourth place at the Mercury Awards in New York.

In cooperation with the Research and Standards Department of the Occupational Safety and Health Division, Community Relations continued to produce a major series of safety practice manuals for industry. One example is the *Mechanical Trades Safety Manual*. In addition, Community Relations worked with the First Aid Section to publish the updated *Industrial First Aid Training Manual*. The Board responds to input from industry to produce publications that provide training resources and safe work procedures specific to individual occupations.

The department produced *Safety Challenge '90*, the WCB's second annual safety fair. More than 1,300 visitors and 35 exhibitors participated in the two-day event, which included nine educational seminars and the WCB's 33rd provincial first aid competition.

The Films and Posters section, which maintains an extensive library of educational materials, filled 13,070 orders for safety posters and brochures, up 11 percent from 1989. The number of films, videos and multi-image productions circulated in 1990 was 2,526, up 33 percent from 1989.

Technical Services

Technical Services was actively involved in improving communications within the WCB, with the introduction of a voice mail system in all major divisions of the Richmond head office.

The system has improved the receiving and distributing of telephone messages among claimants, employees in the field and others who require a personal link with head office. The improved information flow has also contributed to more efficient processing of WCB claims.

Technical Services' responsibility for building renovations included these priorities:

- A new staff cafeteria centralizes food services for both the rehabilitation centre and the administration building.
- The Leslie R. Peterson Rehabilitation Centre is undergoing a major renovation to provide for more efficient use of space. The first phase includes the team physiotherapy rooms, the functional capacity and assessments unit and the back education and lifting unit. A new storage building for the industrial shops is also in progress.
- A new building is on the drawing board for the area office in Kamloops to accommodate projected increases in activity in the region. The new office will be located at the corner of Third and Battle streets, with completion expected at the end of 1991.

WCB posters, films and spécial publications serve as vivid reminders to workers like John Katalinic of B.C. Packers Ltd. in Richmond that safety can't be forgotten — even in a quiet moment.

1990 GRANTS

The Workers' Compensation Board is committed to ensuring safe and healthy work environments for British Columbia workers. This commitment is reflected in its record contributions to research and development and education in the areas of occupational safety and health and rehabilitation medicine in 1990.

Grants in 1990 totalled $3.8 million.

The highlight of the year was a $3 million grant to the University of British Columbia to establish a research and education endowment fund to support a permanent academic program in Occupational Hygiene. The ultimate goals of the program—which should see its first class in the fall of 1991—are injury prevention and worker health.

Other WCB-supported studies this year will provide amputees with more efficient prosthetic fitting, reduce knee injuries in tilesetters and carpetlayers and ensure the utmost safety of breathing apparatus used in commercial diving.

Education is a vital element in the WCB grant program and a considerable amount of funding in 1990 went towards educational programs, including post-secondary scholarships, industrial accident investigation training and an occupational hygiene Master's degree program.

1990 Grants

B.C. Association of Speech/ Language Pathologists and Audiologists	$ 300
BCIT Entrance scholarship fund (year 3/10)	2,200
B.C. Research evaluation of strategies for preventing needle-stick injuries in hospitals	43,850
B.C. Research control strategies to reduce knee injuries for tilesetters and carpetlayers	162,000
B.C. Safety Council grant for education and service activities	25,000
Canadian Association of Speech/Language Pathologists and Audiologists	500
Canadian Paraplegic Association (year 3/5)	72,500
Cancer Control Agency (year 4/5)	150,000
Simon Fraser University study of underwater breathing apparatus	95,190
UBC Occupational Disease Research Unit (ODRU) year (3/4)	100,000
UBC Orthopedic Days	3,750
UBC Health Care & Epidemiology purchase of equipment for research	64,478
UBC MERU Refinement of the AK/CAD/CAM system	92,627
UBC WCB Applied Research & Education Endowment Fund	3,000,000
	$3,812,395

Researcher Sandra Voogt puts divers' breathing apparatus to the test at Simon Fraser University's hyperbaric test facility, as part of a WCB-funded study.

Legislative Assembly
Province of British Columbia

AUDITOR GENERAL

8 Bastion Square
Victoria
British Columbia
V8V 1X4
(604) 387-6803
Fax: (604) 387-1230

AUDITOR'S REPORT

To the Acting Chairman and Members of the Workers' Compensation Board, and

To the Minister of Labour and Consumer Services,
Province of British Columbia:

I have audited the balance sheet of the Workers' Compensation Board as at December 31, 1990 and the statements of income and expense and unappropriated balance, changes in fund liabilities, changes in reserve balances and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1990 and the results of its operations and the changes in its fund liabilities, reserve balances and financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements.

Victoria, British Columbia
March 5, 1991

George L. Morfitt, F.C.A.
Auditor General

BALANCE SHEET
AS AT 31 DECEMBER 1990 (in $,000's)

	1990	1989
ASSETS		
Assessments and accrued interest receivable	218,549	195,958
Deposit account unfinalled claims receivable	84,291	79,929
Portfolio investments (Note 2)	3,219,337	3,042,601
Deferred long-term investment losses (Note 3)	79,271	14,603
Fixed assets (Note 4)	61,182	60,719
	3,662,630	3,393,810
LIABILITIES, RESERVES AND UNAPPROPRIATED BALANCE		
Accounts payable and accrued liabilities	20,874	16,390
Accident fund:		
Liabilities (Exhibit 3)	3,509,109	3,111,688
Special reserves (Exhibit 4)	40,000	40,183
Unappropriated balance (Exhibit 2)	92,647	225,549
	3,662,630	3,393,810

The accompanying nine notes are an integral part of these financial statements.

Approved by the Board:

F.W. Greer
Acting Chairman

R.D. Gunn
General Manager
Financial Services

EXHIBIT 2

STATEMENT OF INCOME AND EXPENSE AND UNAPPROPRIATED BALANCE FOR THE YEAR ENDED 31 DECEMBER 1990 (in $,000's)

	1990	1989
INCOME		
Assessments		
Classes	514,660	495,743
Deposit accounts	31,125	21,288
Penalties	7,415	3,706
	553,200	520,737
Investment income		
Earned for the year	333,578	310,081
Amortization of long-term investment (losses) gains (Note 3)	(29,726)	5,866
	303,852	315,947
	857,052	836,684
EXPENSE		
Current year claims		
Wage loss compensation	137,624	122,048
Medical aid payments	47,081	41,176
Pension awards, capitalized values	20,269	13,879
Provision for unfinalled claims	329,695	277,199
	534,669	454,302
Prior years' claims		
Adjustment to fund liabilities and reserves (Note 5)	298,390	238,688
Special Reserve costs (Note 6)	24,997	19,000
Administration and other expenses		
Administration	121,461	97,863
Review Board and Advisers	6,756	5,990
Research grants and awards	3,681	758
	131,898	104,611
	989,954	816,601
NET (LOSS) INCOME	(132,902)	20,083
UNAPPROPRIATED BALANCE — 1 January	225,549	59,520
TRANSFER FROM BENEFIT MAINTENANCE AND ASSESSMENT RATE STABILIZATION RESERVE	—	145,946
UNAPPROPRIATED BALANCE — 31 December (Exhibit 1)	92,647	225,549

EXHIBIT 3

STATEMENT OF CHANGES IN FUND LIABILITIES FOR THE YEAR ENDED 31 DECEMBER 1990 (in $,000's)

	Accident	Silicosis	Total 1990	Total 1989
ADDITIONS TO THE FUND LIABILITIES				
Current year claims				
Provision for unfinalled claims	329,497	198	329,695	277,199
Pension awards, capitalized values (Note 7)	33,966	—	33,966	25,172
Prior years' claims				
Adjustment to fund liabilities (Note 5)	297,580	810	298,390	235,612
	661,043	1,008	662,051	537,983
DEDUCTIONS FROM THE FUND LIABILITIES				
Pensions paid	162,470	2,476	164,946	146,826
Wage loss compensation	57,899	—	57,899	55,166
Medical aid payments	41,686	99	41,785	34,616
	262,055	2,575	264,630	236,608
CURRENT YEAR INCREASE (DECREASE)	398,988	(1,567)	397,421	301,375
BALANCE — 1 January	3,079,920	31,768	3,111,688	2,810,313
BALANCE — 31 December (Exhibit 1)	3,478,908	30,201	3,509,109	3,111,688
Represented by:				
Provision for unfinalled claims	1,643,797	8,807	1,652,604	1,391,206
Pensions awards, capitalized values	1,835,111	21,394	1,856,505	1,720,482
	3,478,908	30,201	3,509,109	3,111,688

EXHIBIT 4

STATEMENT OF CHANGES IN RESERVE BALANCES FOR THE YEAR ENDED 31 DECEMBER 1990 (in $,000's)

ACCIDENT FUND SPECIAL RESERVES

	Contingent	Disaster	Enhancement	Total 1990	Total 1989
CURRENT YEAR (DECREASE) INCREASE	134	(180)	(137)	(183)	265
BALANCE — 1 January	2,366	16,680	21,137	40,183	39,918
BALANCE — 31 December (Exhibit 1)	2,500	16,500	21,000	40,000	40,183

BENEFIT MAINTENANCE AND ASSESSMENT RATE STABILIZATION RESERVE

	1990	1989
CURRENT YEAR DECREASE		
Transfer to unappropriated balance	—	(145,946)
BALANCE — 1 January	—	145,946
BALANCE — 31 December	—	—

EXHIBIT 5

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 1990 (in $,000's)

	1990	1989
OPERATING ACTIVITIES		
Net (loss) income	(132,902)	20,083
Add (deduct) items not requiring cash:		
Provision for unfinalled claims	329,605	277,199
Adjustment to fund liabilities and reserves (Note 5)	298,390	235,612
(Decrease) increase in special reserves	(183)	265
Pension awards, capitalized values (Note 7)	33,307	24,937
Depreciation	10,459	8,467
Gain on disposal of fixed assets	(104)	(147)
Pension payments recovered from third parties	659	235
Deduct cash applied in settlement of fund liabilities:		
Pensions paid	(164,946)	(146,826)
Wage loss compensation	(57,899)	(55,166)
Medical aid payments	(41,785)	(34,616)
Funds provided by operating activities	274,691	330,043
OTHER ACTIVITIES		
Purchase of fixed assets	(11,361)	(11,246)
Proceeds from the disposal of fixed assets	543	511
(Increase) decrease in deferred long-term investment losses	(64,668)	30,272
Increase in assessments and accrued interest receivable	(22,591)	(61,606)
Increase (decrease) in accounts payable and accrued liabilities	4,484	(822)
(Increase) decrease in deposit account unfinalled claims receivable	(4,362)	656
Funds applied to other activities	(97,955)	(42,235)
INCREASE IN FUNDS INVESTED	176,736	287,808
FUNDS INVESTED — 1 January	3,042,601	2,754,793
FUNDS INVESTED — 31 December	3,219,337	3,042,601

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1990

Note 1 - Significant Accounting Policies

(a) Fund Accounting
Although the liabilities and reserves of the Board are allocated to the Accident and Silicosis Funds and various sub-divisions thereof, the assets are recorded on a pooled basis with no allocation of individual assets to specific funds.

(b) Portfolio Investments
Long-term investments, consisting primarily of bonds of the Government of Canada, various Provinces and Crown corporations, having terms greater than 1 year, are stated at market value. The amount by which market value differs from book value represents an unrealized gain or loss. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of long-term investments during the year, are deferred and amortized on a straight-line basis over a five year period.

Equity investments, consisting of Canadian equities only, are stated at market value. The amount by which market value differs from cost represents an unrealized gain or loss. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of equities during the year, are deferred and amortized on a straight-line basis over a five year period.

Short-term investments, consisting primarily of treasury bills and discounted bank notes, having terms less than or equal to 1 year, are stated at amortized cost.

(c) Fixed Assets
Fixed assets are reported at cost and are depreciated on a straight-line basis over their estimated useful lives. The rates used are as follows:

Buildings	20 to 40 years
Equipment	3 to 10 years
Furniture	10 years
Vehicles	5 years

(d) Accident and Silicosis Fund Liabilities
The Board appoints a consulting actuary who examines the Fund liabilities and the underlying assumptions and methods. The report of the consulting actuary is appended to these financial statements.

(i) Unfinalled Claims
Provisions for future claims costs relating to injuries occurring prior to 31 December 1990, for which the final settlement has not been determined, represent the unfinalled claims liabilities which are part of the Accident and Silicosis Funds established under Sections 39(1)(c) and 41(2)(b) of the Workers Compensation Act. Wage loss compensation and medical aid payments made, and the capitalized value of pension awards granted, after the year of injury (or after the year in which the claim is allowed, in the case of Silicosis), are charged to the respective unfinalled claims liabilities.

Note 1 - Significant Accounting Policies (continued)

(d) Accident and Silicosis Fund Liabilities (continued)

(ii) Pensions

Capitalized values of pension awards are credited to the pension liability provisions, which are then charged with pensions paid. When a pension is awarded for an injury which occurred in the current year, its capitalized value is treated as a current period expense. In the case of a pension awarded after the year of the injury (or after the year in which the claim is allowed, in the case of Silicosis), the capitalized value of the pension is charged to the appropriate unfinalled claims liability.

(e) Reserves

Accident Fund special reserves established pursuant to Section 39 of the Workers Compensation Act are:

- Contingent Reserve [Section 39(1)(b)] which provides a reserve in aid of industries or classes which may become depleted or extinguished.

- Disaster Reserve [Section 39(1)(d)] which provides a reserve to be used to meet the loss arising from a disaster or other circumstances which the Board considers would unfairly burden the employers in a particular class.

- Enhancement Reserve [Section 39(1)(e)] which provides a reserve for payment of that portion of a disability enhanced by reason of a pre-existing disease, condition or disability.

Claims deemed by the Board to be covered by these reserves are charged to current operations.

The Board determines the amounts required to maintain these reserves at an adequate level and resulting appropriations are prorated to the various employer classes.

(f) Current Year Claims

Wage loss compensation and medical aid payments represent expenditures resulting from injuries which occurred during the current year. Amounts recorded as "Pension awards, capitalized values" and as "Provision for unfinalled claims" are the actuarial estimates of the present values of future payments resulting from injuries which occurred during the current year. The calculation of the present value provides for the future indexation of pensions by assuming that the annual rate of return on the Board's investments will exceed the annual increase in the Consumer Price Index (CPI) by 2⅜%.

(g) Prior Years' Claims

The Board determines its liabilities at the end of each year for all injuries that have taken place to that time. During the following year, it makes benefit payments and sets new awards on those prior injuries; benefits are also increased in line with increases in the CPI. Investment income is also earned on the assets available to finance those liabilities. At the end of the following year, the Board redetermines its actuarial requirements for those prior injuries, taking into account the actual investment income, benefit increases, claims payments and pension awards made during the year. The actuarial assumptions used in those calculations may also be modified to include the more recent experience of such factors as mortality, claims levels and claims costs. This process results in an adjustment to the fund liabilities and reserves.

(h) Assessment Income and Assessments Receivable

As a significant portion of assessment income for the year is not received until after the year-end, the amount shown is an estimate based on statistical data. The difference between the estimate and the actual income received is credited or charged to income in the following year.

(i) Deposit Account Unfinalled Claims Receivable

Certain employers have been placed in deposit classes. These employers are billed on a monthly basis for wage loss compensation, medical aid payments and the capitalized value of pension awards made on their behalf, together with their proportionate share of administrative costs.

The receivable represents the present value of the estimated future payments for the unfinalled claims of deposit classes, less deposits required to be placed on account with the Board.

The Board also acts as the agent of the Government of Canada for the payment of compensation to federal employees in British Columbia. Amounts paid are recovered from the Government of Canada on a monthly basis.

Note 2 - Portfolio Investments ($,000's)

	1990	1989
Long-term investments, market value	2,467,257	2,496,853
Equities, market value	387,720	—
Short-term investments, amortized cost	377,455	559,454
Bank indebtedness	(13,095)	(13,706)
	3,219,337	3,042,601

Note 3 - Deferred Long-Term Investment Losses ($,000's)

	1990	1989
Balance - 1 January	14,603	44,875
Realized net losses (gains) for the year	17,923	(194)
Unrealized net losses (gains) for the year	76,471	(35,944)
	108,997	8,737
Amortization (charged) credited to investment income	(29,726)	5,866
Balance - 31 December	79,271	14,603

Note 4 - Fixed Assets ($,000's)

	1990				1989
	Cost	Depreciation	Accumulated Depreciation	Net Book Value	Net Book Value
Land	2,100	—	—	2,100	1,639
Buildings	50,819	1,347	13,781	37,038	37,281
Furniture, Equipment & Vehicles	52,653	9,112	30,609	22,044	21,799
Totals	105,572	10,459	44,390	61,182	60,719

Note 5 - Adjustment to Fund Liabilities and Reserves ($,000's)

	1990			1989
	Accident Fund	Silicosis Fund	Total	Total
Investment income allocation	300,603	3,249	303,852	312,871
Adjustment to prior years' actuarial estimates	(3,023)	(2,439)	(5,462)	(77,259)
	297,580	810	298,390	235,612
Adjustment to prior years' reserves	—	—	—	3,076
Totals	297,580	810	298,390	238,688

Note 6 - Special Reserve Costs ($,000's)

	1990				1989
	Contingent	Disaster	Enhancement	Total	Total
Pension awards, capitalized values	—	1,078	11,960	13,038	11,058
Wage loss compensation	—	464	9,093	9,557	8,564
Medical aid payments	—	118	2,467	2,585	2,189
	—	1,660	23,520	25,180	21,811
Adjustment to prior years' reserves (Note 5)	—	—	—	—	3,076
Decrease (increase) in special reserves	(134)	180	137	183	(265)
	(134)	180	137	183	2,811
Totals	134	1,480	23,383	24,997	19,000

Note 7 - Pension Awards, Capitalized Values ($,000's)

	1990	1989
Pension awards, capitalized values:		
Total	188,885	158,282
Charged to provision for unfinalled claims	154,919	133,110
Current year claims	33,966	25,172
Charged to:		
Current year claims (Exhibit 2)	20,269	13,879
Special reserves (Note 6)	13,038	11,058
	33,307	24,937
Pension payments recovered from third parties (Exhibit 5)	659	235
	33,966	25,172

Note 8 - Superannuation Plan

The Board and its employees contribute to the Workers' Compensation Board Superannuation Plan, a defined benefit plan.

The Board's 1990 contributions to the Plan amounted to $6,755,000 (1989 - $5,466,000).

The Plan requires an actuarial valuation of the Plan's liabilities at intervals of not more than three years. The last valuation was carried out as at March 31, 1988. The pension plan liabilities have been projected to December 31, 1990, using the accrued benefit actuarial method, based on the actuarial valuation made as of March 31, 1988. Pension plan assets are stated at market related values. The resulting values of pension assets and liabilities as at December 31, 1990 are as follows:

	1990	1989
Assets	$157,653,000	$136,160,000
Liabilities	$144,583,000	$129,279,000
Net Surplus	$ 13,070,000	$ 6,881,000

The net surplus is not included in the Board's financial statements.

Note 9 - Comparative Figures

Certain 1989 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1990.

ACTUARY'S REPORT
ECKLER PARTNERS LTD.

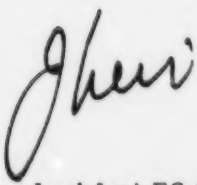
The Pension Liabilities for the Accident and Silicosis Funds are for pensions in effect as at 1 January 1991, but excluding pensions arising from injuries to Federal Government workers (Class 19). The present value of increases in pensions effective 1 January 1991 has been included in the Liabilities. The Pension Liabilities have been computed using the same mortality, net interest rate and other assumptions used for the valuation as at 31 December 1989. The net interest rate of 2 3/8% makes implicit provision for the future indexing of pensions on the assumption that interest earnings on Board assets in excess of 2 3/8% will correspond to future increases in the Consumer Price Index.

The Unfinalled Claims Liabilities for the Accident and Silicosis Funds are shown separately for Rateable Classes and for Deposit Classes (excluding Class 19), and are based on projections of future claims payments and awards using ratios developed from the Board's claims experience, average benefit rates, the net interest rate assumption of 2 3/8% and, where applicable, mortality, remarriage and other assumptions used for computing Pension Liabilities. The methods used in calculating these liabilities were substantially the same as those employed in the previous valuation as at 31 December 1989.

The liabilities included in this report have been computed by the Board in accordance with methods and assumptions approved by us. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for our purposes and consistent with the Board's financial statements.

In our opinion, the amounts set out below, which have been determined by the methods and assumptions described above, make reasonable provision for the future liabilities of the Board as at 31 December 1990.

	($,000's)
Accident Fund	
Pension Liabilities	$1,835,111
Unfinalled Claims Liabilities	
- Rateable Classes	1,554,576
- Deposit Classes	89,221
	$3,478,908
Silicosis Fund	
Pension Liabilities	$21,394
Unfinalled Claims Liabilities	8,807
	$30,201



Jacob Levi, F.S.A., F.C.I.A.
Eckler Partners Ltd.
Consulting Actuaries

11 March 1991

SCHEDULE 1

STATEMENT OF ALL YEARS' CLAIM COSTS AND UNAPPROPRIATED BALANCE FOR THE YEAR ENDED 31 DECEMBER 1990 (in $,000's)

	1990	1989
INCOME		
Assessments		
Classes	514,660	495,743
Deposit accounts	31,125	21,288
Penalties	7,415	3,706
	553,200	520,737
Investment income		
Earned for the year	333,578	310,081
Amortization of long-term investment (losses) gains	(29,726)	5,866
	303,852	315,947
	857,052	836,684
EXPENSE		
Cost of workers' claims		
Wage loss compensation	205,080	185,778
Medical aid payments	91,451	77,981
Pensions paid	164,287	146,591
	460,818	410,350
Administration and other expenses		
Administration	121,461	97,863
Review Board and Advisers	6,756	5,990
Research grants and awards	3,681	758
	131,898	104,611
	592,716	514,961
EXCESS OF INCOME OVER EXPENSES	264,336	321,723
INCREASE (DECREASE) IN ACCIDENT FUND		
Actuarial liabilities	397,421	301,375
Special reserves	(183)	265
Benefit maintenance and assessment rate stabilization reserve	—	(145,946)
	397,238	155,694
NET (DECREASE) INCREASE	(132,902)	166,029
UNAPPROPRIATED BALANCE — 1 January	225,549	59,520
UNAPPROPRIATED BALANCE — 31 December	92,647	225,549

STATEMENT OF ASSESSMENTS AND CURRENT YEAR INJURY COSTS FOR THE YEAR ENDED 31 DECEMBER 1990 (in $,000's)

Class and Sub-Class		INCOME	COSTS CHARGED TO SUB-CLASSES							NET
		Assessments	Wage Loss Compensation	Medical Aid Payments	Pension Awards Capitalized Values	Provision For Unfinalled Claims	Administration And Other Expenses	Special Reserves Costs	Total Costs	Current Year Excess (Deficiency)
1	2	52,632	9,385	3,597	3,701	28,453	13,661	2,400	61,197	(8,565)
	4	4,312	2,651	1,147	838	7,059	2,490	195	14,380	(10,068)
	5	20,404	7,887	3,184	1,271	21,687	9,122	929	44,080	(23,676)
	7	7,197	2,282	897	35	5,517	2,214	330	11,275	(4,078)
	9	2,899	1,403	355	804	2,512	1,099	128	6,301	(3,402)
		87,444	23,608	9,180	6,649	65,228	28,586	3,982	137,233	(49,789)
4	3	5,159	804	287	36	3,374	829	240	5,570	(411)
	11	12,168	2,055	912	994	7,889	2,384	568	14,802	(2,634)
	18	1,563	236	93	124	570	350	73	1,446	117
	30	246	1,250	450	0	3,490	878	12	6,080	(5,834)
		19,136	4,345	1,742	1,154	15,323	4,441	893	27,898	(8,762)
6	2	12,297	4,080	1,363	42	7,706	3,058	572	16,821	(4,524)
	3	2,913	531	247	0	1,041	752	135	2,706	207
	4	9,468	2,127	887	78	4,323	1,890	440	9,745	(277)
	5	308	126	83	0	250	134	14	607	(299)
	8	1,819	668	145	8	855	542	85	2,303	(484)
	17	606	71	29	0	89	58	28	275	331
	18	571	208	70	336	224	288	27	1,153	(582)
	20	3,074	1,300	335	2	2,413	912	144	5,106	(2,032)
	21	21,281	5,974	1,910	8	13,353	5,158	991	27,394	(6,113)
	22	4,045	986	402	0	3,228	897	187	5,700	(1,655)
	24	3,751	1,304	315	13	1,957	818	175	4,582	(831)
	25	1,123	235	79	0	437	228	52	1,031	92
	26	38,024	9,411	2,475	0	17,653	5,918	1,775	37,232	792
	27	8,478	4,065	2,246	159	6,574	2,977	388	16,409	(7,931)
	31	257	202	109	3	499	131	12	956	(699)
	32	1,510	610	113	368	1,162	482	70	2,805	(1,295)
	36	893	235	109	0	477	462	41	1,324	(431)
	37	3,323	961	311	2	1,812	622	155	3,863	(540)
	39	2,607	496	158	7	867	585	121	2,234	373
	43	5,521	916	481	946	5,096	1,169	255	8,863	(3,342)
	46	78	46	18	0	59	36	4	163	(85)
	54	3,927	1,913	630	510	3,521	1,996	181	8,751	(4,824)
	56	55	41	40	0	72	70	3	226	(171)
	57	5,686	1,368	489	18	3,342	983	263	6,463	(777)
	58	1,571	427	178	0	714	226	73	1,618	(47)
	59	17,481	4,008	1,515	520	10,002	3,790	811	20,646	(3,165)
		150,667	42,309	14,737	3,020	87,726	34,182	7,002	188,976	(38,309)
7	5	18,366	2,715	768	15	6,460	2,626	851	13,435	4,931
	6	72,849	13,807	4,594	2,466	38,832	15,099	3,350	78,148	(5,299)
	7	51,100	11,972	3,772	799	25,827	10,487	2,373	55,230	(4,130)
	11	7,125	1,446	496	176	3,790	1,669	331	7,908	(783)
	13	2,433	564	181	1	1,111	357	113	2,327	106
	21	3,138	1,554	340	227	3,055	1,082	149	6,407	(3,269)
	25	7,173	919	375	422	3,574	1,718	331	7,339	(166)
	26	25,277	4,787	1,601	592	14,960	6,106	1,146	29,192	(3,915)
	47	787	108	41	302	337	339	37	1,164	(377)
	48	2,341	438	162	413	1,033	670	108	2,824	(483)
		190,589	38,310	12,330	5,413	98,979	40,153	8,789	203,974	(13,385)

WORKERS' COMPENSATION BOARD

SCHEDULE 2 (a)

STATEMENT OF ASSESSMENTS AND CURRENT YEAR INJURY COSTS FOR THE YEAR ENDED 31 DECEMBER 1990 (in $,000's)

Class and Sub-Class		INCOME	COSTS CHARGED TO SUB-CLASSES							NET
		Assessments	Wage Loss Compensation	Medical Aid Payments	Pension Awards Capitalised Values	Provision For Unfinalled Claims	Administration And Other Expenses	Special Reserves Costs	Total Costs	Current Year Excess (Deficiency)
8	1	2,119	594	215	417	2,745	1,166	97	5,234	(3,115)
	8	3,784	504	182	259	1,905	697	177	3,724	60
	11	1,965	964	201	0	1,285	500	92	3,042	(1,077)
	12	1,122	401	89	3	448	176	52	1,169	(47)
	20	436	112	28	0	760	(51)	20	869	(433)
	23	1,763	174	88	7	1,948	317	83	2,617	(854)
	51	22,742	6,129	1,943	1,177	13,982	4,395	1,064	28,690	(5,948)
		33,931	8,878	2,746	1,863	23,073	7,200	1,585	45,345	(11,414)
9	1	2,587	1,159	231	11	2,779	903	121	5,204	(2,617)
	2	4,653	2,184	435	498	3,300	1,471	217	8,105	(3,452)
	6	3,641	838	311	40	1,706	597	166	3,658	(17)
	9	101	33	7	0	157	28	5	230	(129)
	11	3,368	1,093	452	24	2,936	1,217	150	5,872	(2,504)
		14,350	5,307	1,436	573	10,878	4,216	659	23,069	(8,719)
14	1	11,965	3,683	957	593	7,970	3,492	551	17,246	(5,281)
	6	13,661	2,917	1,055	103	7,952	2,966	632	15,625	(1,964)
		25,626	6,600	2,012	696	15,922	6,458	1,183	32,871	(7,245)
38		183	50	29	0	217	31	8	335	(152)
Total Classes		521,926	129,407	44,212	19,368	317,346	125,267	24,101	659,701	(137,775)
10		11,082	1,998	628	99	4,636	1,510	300	9,171	1,911
12		4,102	797	261	10	1,746	652	135	3,601	501
13		10,683	2,958	888	483	5,536	2,642	456	12,963	(2,280)
18		278	62	11	0	235	28	6	342	(64)
19		5,130	2,354	1,080	307	0	1,364	0	5,105	25
Total Deposit Accounts		31,275	8,169	2,868	899	12,153	6,196	897	31,182	93
Total Deposit Accounts and Classes		553,201	137,576	47,080	20,267	329,499	131,463	24,998	690,883	(137,682)
Silicosis										
2	3	0	4	0	0	0	14	0	18	(18)
	4	0	42	0	0	198	422	0	662	(662)
		0	46	0	0	198	436	0	680	(680)
Rounding		(1)	2	1	2	(2)	(1)	(1)	1	(2)
Grand Total		553,200	137,624	47,081	20,269	329,695	131,898	24,997	691,564	(138,364)

NOTE: 1. Assessment Income.
As a significant portion of assessment income is not received until after year end, the amount shown is an estimate based on statistical data. Adjustments to this estimate are made in the following year.

STATEMENT OF CHANGES IN SUB-CLASS BALANCES FOR THE YEAR ENDED 31 DECEMBER 1990 (in $,000's)

Class and Sub-Class		Unappropriated Balance 1 January Balances	Current Year Excess (Deficiency)	Adjustment To Prior Years' Actuarial Estimates	Unappropriated Balance 31 December Balances
1	2	37,516	(8,565)	7,262	36,213
	4	14,601	(10,068)	2,882	7,415
	5	39,122	(23,676)	(11,690)	3,756
	7	5,415	(4,078)	(1,948)	(611)
	9	4,553	(3,402)	2,297	3,448
		101,207	(49,789)	(1,197)	50,221
4	3	(833)	(411)	743	(501)
	11	(1,852)	(2,634)	142	(4,344)
	18	(279)	117	338	176
	30	14,171	(5,834)	2,168	10,505
		11,207	(8,762)	3,391	5,836
6	2	12,831	(4,524)	3,764	12,071
	3	3,614	207	509	4,330
	4	(737)	(277)	(1,147)	(2,161)
	5	1,021	(299)	191	913
	8	2,946	(484)	(688)	1,774
	17	(326)	331	98	103
	18	(248)	(582)	(294)	(1,124)
	20	6,038	(2,032)	(1,321)	2,685
	21	(6,159)	(6,113)	(7,943)	(20,215)
	22	(2,335)	(1,655)	(1,072)	(5,062)
	24	1,643	(831)	(865)	(53)
	25	(1,850)	92	(394)	(2,152)
	26	(11,655)	792	(6,127)	(16,990)
	27	15,378	(7,931)	5,727	13,174
	31	1,564	(699)	76	941
	32	2,148	(1,295)	25	878
	36	3,948	(431)	252	3,769
	37	(4,638)	(540)	2,008	(3,170)
	39	(1,515)	373	(473)	(1,615)
	43	5,159	(3,342)	2,015	3,832
	46	238	(85)	(23)	130
	54	5,512	(4,824)	195	883
	56	708	(171)	74	611
	57	(682)	(777)	(429)	(1,888)
	58	(2,366)	(47)	148	(2,265)
	59	3,185	(3,165)	4,278	4,298
		33,422	(38,309)	(1,416)	(6,303)
7	5	(7,546)	4,931	1,898	(717)
	6	2,640	(5,299)	5,609	2,950
	7	3,490	(4,130)	(5,227)	(5,867)
	11	(7,002)	(783)	1,756	(6,029)
	13	1,861	106	(1,323)	644
	21	5,023	(3,269)	(169)	1,585
	25	(14,590)	(166)	(4,491)	(19,247)
	26	18,475	(3,915)	(1,746)	12,814
	47	2,071	(377)	(124)	1,570
	48	3,294	(483)	(1,761)	1,050
		7,716	(13,385)	(5,578)	(11,247)

WORKERS' COMPENSATION BOARD

SCHEDULE 2 (b)

STATEMENT OF CHANGES IN SUB-CLASS BALANCES FOR THE YEAR ENDED 31 DECEMBER 1990 (in $,000's)

Class and Sub-Class		Unappropriated Balance 1 January Balances	Current Year Excess (Deficiency)	Adjustment To Prior Years' Actuarial Estimates	Unappropriated Balance 31 December Balances
8	1	3,413	(3,115)	(2,004)	(1,706)
	8	(8,753)	60	(2,221)	(10,914)
	11	295	(1,077)	(99)	(881)
	12	(179)	(47)	378	152
	20	1,326	(433)	631	1,524
	23	6,110	(854)	310	5,566
	51	27,120	(5,948)	6,947	28,119
		29,332	(11,414)	3,942	21,860
9	1	5,396	(2,617)	2,723	5,502
	2	3,754	(3,452)	762	1,064
	6	(201)	(17)	536	318
	9	576	(129)	84	531
	11	10,844	(2,504)	(528)	7,812
		20,369	(8,719)	3,577	15,227
14	1	1,624	(5,281)	1,272	(2,385)
	6	5,225	(1,964)	(1,004)	2,257
		6,849	(7,245)	268	(128)
38		5,475	(152)	133	5,456
Total Classes		215,577	(137,775)	3,120	80,922
10		0	1,911	(1,911)	0
12		0	501	(501)	0
13		0	(2,280)	2,280	0
18		0	(64)	64	0
19		0	25	(25)	0
Total Deposit Accounts		0	93	(93)	0
Total Deposit Accounts and Classes		215,577	(137,682)	3,027	80,922
Silicosis					
2	3	2,527	(18)	303	2,812
	4	7,446	(662)	2,136	8,920
		9,973	(680)	2,439	11,732
Rounding		(1)	(2)	(4)	(7)
Grand Total		225,549	(138,364)	5,462	92,647

WORKERS' COMPENSATION BOARD

SCHEDULE 3

STATEMENT OF ADMINISTRATION EXPENSES FOR THE YEAR ENDED 31 DECEMBER 1990 (in $,000's)

	1990	1989
Salaries and employees' benefits	93,171	77,901
Depreciation	10,459	8,467
Building and services	7,538	3,362
Consulting fees	5,773	4,135
Equipment	3,682	3,074
Communications	3,656	3,029
Advertising	3,572	2,573
Supplies and stationery	3,312	2,782
Staff travel	2,946	2,443
Miscellaneous	2,504	1,715
Industry hearing examinations	945	686
Publications	919	1,234
Automobile fleet	653	461
Medical review panel	526	629
Patients' meals	525	464
Employee relocation	245	221
Gain on disposal of fixed assets	(104)	(147)
	140,322	113,029
Less: Miscellaneous income	(2,826)	(2,361)
	137,496	110,668
Less: Allocated to medical aid	(15,736)	(12,554)
Allocated to investment income	(299)	(251)
TOTAL ADMINISTRATION EXPENSES	121,461	97,863

WORKERS' COMPENSATION BOARD

SCHEDULE 4

PORTFOLIO INVESTMENTS HELD AS AT 31 DECEMBER 1990 (in $,000's)

	1990	1989
Long-term investments, market value		
Government of Canada and Federal Crown Corporations	119,497	158,825
Province of British Columbia and Crown Corporations	333,832	365,125
British Columbia Municipal and School	195,958	188,343
Other Provinces and Crown Corporations	1,817,970	1,784,560
	2,467,257	2,496,853
Equities, market value		
Canadian Index Fund	285,907	—
Externally managed Canadian funds	101,813	—
	387,720	—
Short-term investments, amortized cost	377,455	559,454
Bank indebtedness	(13,095)	(13,706)
	3,219,337	3,042,601

COMMENTARY ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1990

The following commentary is provided to assist readers in understanding the intent and content of the preceding financial Exhibits and Schedules.

Exhibit 1 — Balance Sheet

This Exhibit reveals the Board's financial position at the end of its fiscal year. It identifies all assets owned by the Board, such as investments, fixed assets and amounts receivable from others. It also discloses the amounts owed to others as a result of day to day operations, and the actuarial estimate of the present value of pensions and other costs of claims to be paid by the Board in future years for existing claimants. These Accident Fund liabilities are evaluated each year, and independently confirmed by the Consulting Actuary.

The amount by which the assets exceed the liabilities is called, in this Exhibit, the "Unappropriated balance".

Exhibits 2 to 5 analyze the changes which occurred during the year for certain of the Balance Sheet items.

Exhibit 2 — Statement of Income and Expense and Unappropriated Balance

This Exhibit gives a breakdown of the Board's income and expenses for the year and shows how the net of these items resulted in the change for the year in the unappropriated balance.

Income comprises assessments received from B.C. employers and from investment earnings. In this Exhibit, expenses are classified into the categories of claims arising in the current year, claims made in prior years, special reserve costs and administration and other expenses.

Readers should also examine Schedule 1, which further analyzes the change in the Unappropriated Balance.

Exhibit 3 — Statement of Changes in Fund Liabilities

As described under Exhibit 1, the liabilities of the Accident Fund are adjusted each year to reflect the current year's claims and a re-evaluation of past years' remaining liabilities based on current conditions. Exhibit 3 reveals the items which were added to the liabilities (mainly the addition of current year costs) and the items deducted from the liabilities (mainly payments made) during the year.

The fund is further segregated between the Accident and Silicosis Funds.

Shown at the bottom of this Exhibit are the portions of the fund represented by pensions awarded and by estimates of future costs of claims currently unfinalled (i.e. where no pension award has yet been made).

Exhibit 4 — Statement of Changes in Reserve Balances

(a) Accident Fund Special Reserves

Under the Workers Compensation Act, the Board is required to maintain reserves to cover the costs of claims arising from disasters, from the deterioration of previously existing injuries or conditions, and from the continuing costs of classes of industry which cease to operate. These special reserves are shown as part of the Reserves on Exhibit 1.

(b) Benefit Maintenance and Assessment Rate Stabilization Reserve

All amounts included in the Benefit Maintenance and Assessment Rate Stabilization Reserve were transferred during 1989 to the unappropriated balance.

Exhibit 5 — Statement of Changes in Financial Position

This Exhibit sets out all of the Board's sources of funds during the year and those areas to which the funds were applied. These sources and dispositions of funds are categorized into the two main activities of the Board, operating and other. The net increase in funds was invested, therefore, the statement shows all those items which caused the change during the year in the value of investments carried on Exhibit 1.

Within operating activities the Exhibit begins with the net (loss) income (from Exhibit 2) and adjusts this amount for items included in it which do not involve cash. Then it adjusts for cash transactions which are

charged directly to the Accident Fund liabilities to arrive at the amount of cash generated from operations.

Other activities reflect the purchase of fixed assets together with the changes in the Board's assets and liabilities which generate or use cash.

Schedule 1 — Statement of All Years' Claims Costs and Unappropriated Balance

This Schedule reveals how the Board's income and expense during the year, together with the change in the Accident Fund liabilities and with the change in the reserves, has resulted in a change in the Unappropriated Balance.

The income figures are the same as those on Exhibit 2, while the expense section combines and categorizes payments for the current year claims from Exhibit 2 with payments for prior years' claims from the Accident Fund on Exhibits 3 and 4.

Schedule 2(a) — Current Year — Statement of Assessments and Current Year Injury Costs

Both this Schedule and Schedule 2(b) break down the contents of Exhibit 2 by sub-class. This schedule shows the total of the elements comprising the changes in the sub-class balances for the current year. The total of this schedule, referred to as the Current Year Excess (Deficiency), is transferred to Schedule 2(b) under the same name.

Schedule 2(b) — Balance Changes — Statement of Changes in Sub-Class Balances

This Schedule further breaks down the contents of Exhibit 2 by sub-class. It provides employers with a summary for the year of the changes which occurred in their own sub-class balances of the Unappropriated Balance.

Schedule 3 — Statement of Administration Expenses

This Schedule gives an analysis of the major types of administration expenses on a comparative basis.

The reductions at the bottom of this schedule disclose:

(a) administration costs incurred for the Rehabilitation Clinic and the Residence which are reclassified to medical aid costs, and

(b) administration costs incurred in executing the investment program which are reclassified against investment income.

Schedule 4 — Portfolio Investments Held

This Schedule reveals the composition of the Board's long-term investments by groupings of type of jurisdiction or organization, equities by type of management, as well as the total for each of short-term investments (term under one year) and bank indebtedness. The long-term, equities, short-term, and bank indebtedness totals match those shown on Exhibit 1.